

Shore Protection Manager

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## CARTERET COUNTY BEACH COMMISSION MEETING

Minutes

Pine Knoll Shores Town Hall

March 28, 2011, 2 pm

### Attendance.

Commission chair Buck Fugate, Commission Members Larry Baldwin, A.B. "Trace" Cooper, Jack Goldstein, Tom Hoover, Ken Jones, Ted Lindblad, Art Schools, secretary Greg Rudolph, and the general public. Members Robin Comer, Bill Donnelly, and Doug Fleming were absent.

- (1) **Call to Order.** – Chairman Fugate called the meeting to order.
- (2) **Approval of Minutes - Regular Beach Commission Meeting (February 7, 2011).** – Chairman Fugate asked the Commission if there were any corrections, additions, or comments regarding the February 7<sup>th</sup> regular session minutes presented in the agenda packet. Member Schools subsequently motioned the minutes be approved as presented, which was seconded by member Cooper and unanimously approved.
- (3) **Occupancy Tax and "Beach Fund" Update.** – Secretary Rudolph noted occupancy tax collections have oscillated the past couple of months – down by 20% in December, then up by 20% in January; and it is apparent that some of the December 2010 collections were simply not reported until the January 2011 report was released. Regardless, these are the two lowest revenue-producing months historically, so the impacts (either good or bad) are benign compared to the overall yearly total. Importantly however, the fiscal year-to-date total is hovering near the 6% mark, and notwithstanding a disastrous spring tourism season, we should see the fiscal year in positive territory at the end of June. To conclude, if we take our opening balance at the beginning of our fiscal year and our current revenue and expenditures; it is estimated that the Beach Fund reserve is just above \$10 million. To this effect, if the beach nourishment reserve eclipses the \$15 million mark, then the excess/idle funds must be remitted to the County's Tourism Development Authority (TDA). The Beach Commission is pursuing a change to our occupancy tax law that would simply strikethrough the \$15 million provision, and the secretary subsequently thanked member Art Schools for shepparding this proposal along in the General Assembly and concurrently asked for him to provide an update to the full Commission.

Members Schools mentioned that his participation in this effort is an offshoot of his former duties as the Tourism Development Authority (TDA) chairman and his past experiences in successfully getting the occupancy tax law changed in relation to the proposed convention center. When the current bill started going forward seeking an elimination of the \$15 million cap, the State's Travel and Tourism Coalition lobbied for the law to also be changed to reflect a 33% beach / 66% TDA split of the occupancy tax revenue, consistent with their guidelines. The current split is 40% beach / 60% TDA, and the proposed change would result in a \$300,000 annual shortfall for

beach nourishment. Member Schools mentioned that he spoke to the attorney for Tourism Coalition and representative McElraft, and it's apparent that the 1/3 – 2/3 issue has some legs and therefore, Representative McElraft will drop the bill and the \$15 million cap will remain in place for now. Member Jones asked what would really happen if we reach the \$15 million ceiling? The secretary responded that it might be possible to distribute the monies to each municipality for the sole purpose of beach nourishment (each municipality would have to establish a nourishment account).

- (4) **Contract Extension for Governmental Affairs Consulting Services – Marlowe & Co.** – Prior to turning the floor over to the Howard Marlowe, the secretary mentioned the agenda packet highlights that; (1) the 3-year Marlowe & Co. contract extension includes no inflationary or other increases in cost, and (2) a summary of federal appropriations for Carteret County beach and waterway projects over the past decade, which illustrates that approximately \$88 million has been appropriated to all of the federal projects in the County (Morehead City Harbor, Bogue Inlet, Section 933, etc.).

Howard Marlowe subsequently took the floor and introduced one of his public affairs advisors, Natasha Bui. Mr. Marlowe continued by summarizing the appropriation outlook for the current and upcoming fiscal years - FY 2011 and FY 2012, respectively. The federal government is operating under a continuing resolution, which essentially means the U.S. Corps of Engineers (Corps) is receiving month-to-month funding – and with all sorts of rules concerning which projects can move forward or not. However, there is money being spent on studies and projects, and there's no reason that some of these dollars can't come to Carteret County. However, it is a very difficult environment. The earmark debate will likely continue, and it would be great if Corps' project were not lumped in with that word – each project/study is authorized by Congress and studies take a decade or more to complete with all sorts of review. There is more than enough sunshine for Corps projects, but this is Washington at work. In conclusion, we (Marlowe & Co.) hope we can continue our working relationship – the Commission and Manager format is a pleasure to do business with.

Member Baldwin mentioned that we're all cognizant of the discretionary funding issues, and with this in mind, how is beach nourishment as a concept viewed up in Washington. Mr. Marlowe replied "very good actually" – just recently there was a House amendment to strip all nourishment funding out of the Corps budget and it was soundly defeated (on the order of 300 something to 12). Moreover, the Office of Management & Budget receives more positive calls concerning beach nourishment than any of the Corps' other missions (navigation, water supply, etc.). Actually, we're probably in a less vulnerable situation than many other government programs. Notwithstanding any other comments, chairman Fugate asked for a motion concerning the 3-year contract extension with Marlowe & Co. – a motion to approve the contract was offered by member Goldstein, seconded by member Jones, and unanimously approved.

- (5) **Public Comment.** – None.
- (6) **Other Business.** – Chairman Fugate mentioned that the Beach, Inlet, and Waterway Association is meeting today and tomorrow at the Pine Knoll Shores Aquarium and accordingly our consulting engineer for the Master Nourishment Project and attorney for the Dredged Material Management Plan are in Town, which provides a nice opportunity to receive updates concerning these two

efforts. The chairman introduced Johnny Martin with Moffatt & Nichol first to discuss the Master Nourishment Plan. Mr. Martin provided a PowerPoint presentation summarizing; (1) the goals of the project, (2) the estimated sand need for the project, (3) the borrow source evaluation, and (4) the NEPA (National Environmental Policy Act/Programmatic EIS) process as well. The latter was a major focus of a 5-hour meeting with State and federal resource agencies that transpired earlier in the month. Presentation available at [http://www.protectthebeach.com/minutes/2011/M&N%20update%203\\_11.pdf](http://www.protectthebeach.com/minutes/2011/M&N%20update%203_11.pdf).

Subsequent to Mr. Martin's presentation, Todd Roessler with the law firm of Kilpatrick Townsend provided the Commission an update concerning the Morehead City Harbor Dredged Material Management Plan (DMMP), which is the fundamental component of a legal settlement reached between the County and Corps of Engineers. According to the settlement, the DMMP is due in October 2011. However, the National Park Service (Cape Lookout National Seashore) has recently asked if they could be included in the beach nourishment aspect of the project. In general, it's expected that the sand dredged from the Outer Harbor will be placed on the beach every third year along the shorelines of Ft. Macon and Atlantic Beach. Although the National Park Service has historically declined receiving sand, they are possibly interested in receiving a portion of the sand now – they are still in the process of making a decision. Mr. Roessler continued that this development has for one, pushed the DMMP scheduled to a later date, and two, if the National Park Service does want sand; it will mean less for Ft. Macon and Atlantic Beach. For years 2 and 3 of the dredging cycle, we are pursuing to codify the ability to put sand further west than Ft. Macon and Atlantic Beach – leveraging as much federal dollars as possible. Thus in conclusion, we're at a temporary standstill until the National Park Service makes their decision, however, the National Park Service is aware of this and hopefully we will have resolution to this aspect of the Dredged Material Management Plan soon.

Subsequent to Mr. Roessler's presentation, member Baldwin disclosed that the secretary has done a lot work concerning the State's sea-level rise policy and this work (along with others) has resulted in some favorable changes to the policy.

- (7) **April 2011 Meeting Date (April 25, 2011 – proposed).** – It was agreed upon that the next Beach Commission meeting would be held on April 25, 2011 at 2:00 pm, Pine Knoll Shores Town Hall.
- (8) **Adjourn.** – Chairman Fugate asked for any additional comments and with no additional comments forthcoming, the meeting was adjourned.